

Delaware Sets Health Care Spending Benchmark

Benchmark initiative will limit spending growth, improve quality of care

NEW CASTLE, Del. – The Delaware Economic and Financial Advisory Council (DEFAC) on Wednesday issued a recommended Benchmark Index that set the state's health care spending growth target at 3.8 percent for 2019 – the initial year of Delaware's newly created Health Care Spending Benchmark. This move furthers the state's goals of managing the growth of future health care spending, increasing transparency into how health care is delivered and paid for, and improving the quality and cost of health care for the citizens of Delaware.

DEFAC set the target based on [Executive Order 25](#) signed by Governor John Carney in November. The order called for the initial benchmark to be equivalent to the advisory Benchmark Index for overall State budget growth established under [Executive Order 21](#) signed by the Governor in June 2018.

"We know that the rising cost of health care crowds out other important state investments, keeps companies from hiring, and makes it harder for families to manage their household budgets," said **Governor Carney**. "This benchmark initiative is about providing Delawareans with more transparency around their own health care spending, and making sure that Delawareans are getting the quality of health care that they're paying for. At the state level, Delaware taxpayers rightly expect us manage their money wisely. This initiative will help us do just that."

"Establishing the health care spending benchmark is an important step forward in learning more about how health care

dollars are spent in our state,” said **Dr. Kara Walker, Secretary of the Delaware Department of Health and Social Services**. “In order to meet the current and future health care needs of Delawareans, our system of providing and paying for care has to change in order to be sustainable. We look forward to working with health care providers, insurers, businesses and consumers as we move forward in improving the patient and provider experience, while improving the overall health of Delawareans and doing it at a lower cost.”

“Establishing the Health Care Spending Benchmark is a vital step in establishing realistic economic measures that provide meaningful insight toward producing optimal outcomes with the limited health care dollars available to the state, our citizens and the private sector,” said **Rick Geisenberger, Secretary of the Delaware Department of Finance**.

In subsequent years, Executive Order 25 requires the health care spending benchmark to be calculated based on long-term projections for growth in Potential Gross State Product (PGSP). Currently, long-term PGSP is forecast at 3 percent. The target approved today provides a transitional market adjustment with the benchmark starting at 3.8% and then gradually expected to decline to 3% over the next three years.

A Health Care Spending Benchmark Subcommittee of DEFAC will monitor PGSP forecasts and health care spending trends and make annual recommendations for the Benchmark in future years.

The path to creating the health care spending benchmark began in the summer of 2017, when the General Assembly passed [House Joint Resolution \(HJR\) 7](#) authorizing the Department of Health and Social Services (DHSS) to develop a spending benchmark. The Governor signed HJR 7 in September 2017, just months after an analysis by the Centers for Medicare and Medicaid Services (CMS) indicated that Delaware had the third-highest per-capita health care spending rate in the country, and a rate that was 27 percent above the U.S. average.

That fall, DHSS and Secretary Dr. Kara Odom Walker, a board-certified family physician, began a series of summits to explore how a spending benchmark could work for Delaware. In February 2018, Governor Carney signed [Executive Order 19](#) creating an Advisory Group to provide feedback to Secretary Walker on the health care spending and quality benchmarks. While the overall health of Delawareans has been improving – Delaware is now ranked 30th among the states, according to America’s Health Rankings – the pace of that improvement is trailing the growth of health care spending in the state.

Delaware has historically ranked among the top 10 states in per-capita health care spending, including in 2014, when the state ranked behind only Alaska and Massachusetts. The 50-state analysis by the Centers for Medicare and Medicaid Services (CMS) released in 2017 found that Delaware’s per-capita rate was \$10,254. Without changes, the analysis estimated that Delaware’s total health care spending would more than double from \$9.5 billion in 2014 to \$21.5 billion in 2025.

[Click here](#) to learn more about the health care spending benchmark.

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